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December 15, 2000

Guy M. Hicks
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VIA HAND DELIVERY

David Waddell, Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37238

Re: In the Matter of Notice of Rulemaking Amendment of Regulations for
Telephone Service Providers
Docket No. 00-00873

Dear Mr. Waddell:

Enclosed are fourteen copies of a letter recently submitted to the Consumer Advocate Division in connection with this proceeding. Copies of the enclosed are being provided to counsel of record for all parties.

Very truly yours,

Guy M. Hicks

GMH:ch
Enclosure



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December 15, 2000

Timothy Phillips, Esquire
Office of Tennessee Attorney General
425 Fifth Avenue North
Nashville, TN 37243

Re: In the Matter of Notice of Rulemaking Amendment of Regulations for
Telephone Service Providers
Docket No. 00-00873

Dear Mr. Phillips:

This is to respond to the requests you made on behalf of the Consumer Advocate and Protection Division ("CAPD") during our telephone conversation of December 13, 2000 regarding certain procedural aspects of this rulemaking proceeding. I have communicated your requests to the Industry and this response is being submitted on behalf of and with the concurrence of AT&T, Citizens Communications, Tennessee Rural Independent Coalition, United Telephone Southeast, TDS Telecom, XO Communications, SECCA, MCI WorldCom, Inc., Time Warner Telecom, NewSouth Communications and BellSouth Telecommunications, collectively referred to this in letter as the "Industry."

You requested that the Industry set forth its concerns with respect to the proposed rewrite of Chapter 1220-4-2, Regulations for Telecommunications Service Providers ("the proposed rules"), in a detailed fashion prior to the workshops the Industry is requesting. You suggested that a redlined version of the rules reflecting the Industry's specific, consensus comments be submitted to you and the Tennessee Regulatory Authority ("Authority") Staff. Your letter of December 12,

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2000 to the Authority suggested that such comments be submitted by December 21, 2000 or no later than December 28, 2000.

You also requested that the Industry agree to a procedural schedule similar to that outlined in your December 11 letter. Your letter suggested that a workshop be held in January and that any additional comments from the Industry be submitted by the first week of February.

The Industry has carefully considered your proposals and offers the following responses. First, the Industry does not believe it would be either practical or productive to submit detailed written comments prior to the workshops. As was made clear by the verbal comments made by members of the Industry during the November 16, 2000 public hearing, there is unanimity with respect to the need for workshops. However, as you well know, there is not likely to be unanimity within the Industry with respect to all comments on the proposed rules. Different members of the Industry have different perspectives and different interests, and will likely raise, or at least emphasize, different concerns or points with respect to the proposed rules. While the industry is committed to negotiating in good faith with the hope of reaching consensus whenever possible, this fact alone makes it impossible to submit an Industry consensus redlined proposal at this time and, more particularly, when workshops have not been held.

Moreover, we do not believe it is an exaggeration to say that the proposed rules represent the most extensive rewrite of existing rules undertaken thus far by the Authority Staff. The rules ultimately adopted in this rulemaking will affect consumers, businesses, the Authority, existing service providers and new service providers for many years to come. The breadth and complexity of the proposed rules justifies a careful, thorough discussion and comment process. A requirement that all comments be submitted prior to workshops will, unfortunately, likely result in opposition, by one Industry member or another, to virtually all aspects of the proposed rule. As we have stated before, the original version of the proposed rewrite presents numerous technical, policy and legal issues that need to be carefully addressed and balanced.

Finally, there is another practical reason for not requiring comments this month. Members of the Industry, as well as the Authority and its Staff, have a very ambitious and demanding schedule between now and the end of the month.

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There are a large number of filings due in connection with various proceedings, and, as you have pointed out, there are at least two hearings involving your office between now and January 1, 2001.

The Industry understands your position that rules should be enacted as soon as possible. However, in terms of efficiency, the Industry believes that it would be far more productive to file written comments following the workshops. Indeed, one of the purposes of the workshops is to allow members of the Industry to develop a better understanding of the specific rule proposals and a better understanding of what issue the Staff is trying to address with respect to specific rule proposals. Members of the Industry also need to consult with subject matter experts that have the level of expertise available to discuss certain specific rules proposed and possible alternatives. Given the breadth and complexity of the proposed rules, the three workshops proposed by the Industry are necessary. The single workshop you propose will simply not be sufficient. While the Industry understands and appreciates your concern and respects your input to the process, it is the members of the Industry that will be required to implement new practices and processes and incur costs to comply with the proposed rules. The Industry believes that its proposed procedure provides a sufficient and necessary mechanism to properly assess the proposed rules.

The Industry is prepared to discuss its proposed schedule with you or the Staff.¹ However, we continue to believe that the Industry's proposal is a reasonable and appropriate one. Indeed, if you compare the timeframes proposed by the Industry to the timeframes for previous rulemakings, you will see that this is the case.

First, for example, the Authority's proposed procedural rules were issued on April 30, 1997. A final rule incorporating industry input was approved more than three years later, on June 20, 2000. While the Industry submitted detailed comments with respect to the procedural rules, there was little real opposition to the rules. The local competition rules were issued January 14, 1994, and were

¹ For example, the Industry inadvertently proposed a workshop date of January 15, 2001. This is a holiday and the Industry respectfully requests that the date be changed to January 16, 2001.

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approved approximately two years later, on December 29, 1995.² The local competition rules did not represent as extensive of a rewrite as the proposed rules that are the subject of this docket. Finally, the Authority's slamming and cramming rules were proposed on December 2, 1997 and were approved by the Authority on December 15, 1998. Obviously the slamming and cramming rules dealt with a much narrower subject area than the rules in this docket.

In contrast to these rulemaking timeframes, the industry schedule would allow the Authority to approve revised rules in substantially less time than any of the examples cited above. The Authority published the proposed rules very recently, on September 29 of this year, and the Industry's proposed schedule would allow the Authority to approve rules in July 2001. Again, the Industry believes that the proposed rules are more extensive and complex than the rules represented in the above-referenced rulemakings. None of the above-referenced rulemakings elicited the unanimous Industry concerns that we have in this proceeding. Finally, formal challenges to the rules likely would delay the rulemaking to a much greater degree than the workshops and comment periods proposed by the Industry.

In summary, we appreciate and understand the concerns of the CAPD. We also respect the time and effort invested by the Staff in developing this detailed and ambitious rewrite of the existing rules. We continue to believe, however, that all concerned will benefit from a carefully thought out, reasonable procedural schedule that will allow the Authority to get the best input possible from the Staff, Industry and CAPD.

Very truly yours,



Guy M. Hicks

GMH:ch

² The Tennessee Public Service Commission initially proposed these rules, which were later substantially revised by the Authority and ultimately approved by the Attorney General on February 7, 1997.

CERTIFICATE OF SERVICE

I hereby certify that on December 15, 2000, a copy of the foregoing document was served on the parties of record, via the method indicated:

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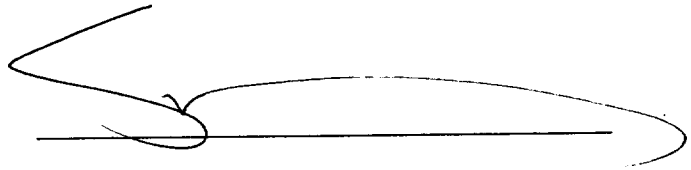
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A handwritten signature in black ink, appearing to read 'Andrew O. Isar', written over a horizontal line.